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REF: A) ADDIS 0064 B) ADDIS 3610  
SUBJECT: USG HUMANITARIAN ASSISTANCE TEAM: FIELD VISIT #2 -  
LIVELIHOODS UPDATE

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SUMMARY  
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¶1. Summary: Between January 2 and 9, U.S. Government (USG) Humanitarian Assistance Team (HAT) in Ethiopia staff, including a USAID/Ethiopia Assets and Livelihoods Transition program coordinator, traveled to Degehabur and Fik zones in Somali Region as part of a second field visit to assess the current humanitarian situation, including livelihood conditions. USG HAT staff note that the current situation in Somali Region is fluid and varies throughout the region. Despite an easing of access and market restrictions in recent weeks, USG HAT staff report that reduced commercial activity and ongoing Government of the Federal Democratic Republic of Ethiopia (GFDRE) restrictions on livestock, commodities, and population movement in parts of Degehabur and Fik zones continue to undermine livelihoods and food security. In addition, the poor performance of the 2007 gu and deyr rains in parts of Somali Region has exacerbated chronic water shortages, including some areas within Degehabur Zone. USG HAT staff recommend targeted emergency assistance for vulnerable populations, but emphasize the need for improved access and a resumption of commercial trade, including livestock and staple and non-staple commodities, to restore normal livelihood patterns of pastoralist and agropastoralist populations in Somali Region. End summary.

## ----- BACKGROUND -----

¶2. According to the joint Save the Children/U.K (SC/UK) and GFDRE Disaster Prevention and Preparedness Agency (DPPA) baseline livelihood study of Somali Region, 60 percent of the region's rural population is pastoralist, 25 percent agropastoralist, while the remaining 15 percent represent a combination of sedentary and riverine farmers. In Degehabur Zone, pastoralists comprise 65 to 75 percent of the total population and agropastoralists represent 25 to 35 percent, while an estimated 5 percent represent urban groups. In Fik Zone, the population livelihood composition is similar, with pastoralists representing 70 to 80 percent of the total population, agropastoralists accounting for approximately 15 to 25 percent, and the remaining 5 percent classified as urban.

¶3. Pastoralist and agropastoralists populations are heavily dependent on market access for livestock sales, which represent the predominant source of income generation, and for the purchase of staple and non-stable commodities to fulfill annual food needs. For example, livestock sales account for 70 to 80 percent of annual income among poor households in Fik pastoral areas. Accordingly, any restriction or disruption to local and export markets has a significant adverse effect on income, livelihoods, and food security.

¶4. According to U.N. and humanitarian agencies operating in Somali Region, the impact of increased insecurity, ongoing military operations, and restrictions on cross-border trade and population and livestock movements within the five conflict-affected zones of Degehabur, Fik, Gode, Korahe, and Warder have significantly hindered market access and increased population vulnerability. In addition,

the poor performance of the 2007 gu and deyr rains in parts of Somali Region has exacerbated livelihood and food insecurity conditions. The November 24 to December 14 DPPA Deyr/Karan Needs Assessment identified nearly 1.6 million people in Somali Region confronting survival and livelihood protection deficits, including an estimated 745,000 people in need of immediate food assistance and approximately 843,000 people in need of livelihood protection interventions. (REF: ADDIS 3610) The most affected zones include Fik, Gode, and Degehabur.

¶5. The DPPA-led team utilized the household economy approach (HEA) methodology for the Deyr/Karan Needs Assessment. The HEA methodology applies traditional inputs, such as crop and livestock prices, to a livelihoods framework, enabling a more holistic understanding of livelihood and food security conditions and identifying gaps to inform appropriate interventions. Current and projected conditions are measured against a reference baseline year in order to demonstrate gaps in survival and livelihood security. SC/UK first introduced HEA in Somali and Afar Regions with USAID funding. In recognition of the value and importance of livelihood-based analysis, USAID/Ethiopia is now funding baseline studies for remaining regions in Ethiopia and supporting its institutionalization within the DPPA's early warning division.

## ----- LIVESTOCK CONDITIONS -----

¶6. USG HAT staff report that livestock observed in both Fik and Degehabur zones appear healthy and in good condition. However, water and pasture availability varied between the two zones as a result of more robust deyr rains reported in Fik Zone, specifically in Fik District and to a lesser extent in Hamero District. USG HAT staff characterize pasture conditions as fair to poor, but note that available pasture will continue to decline throughout the January to March jilal dry season. According to a January 6 report by the Somali Region Disaster Prevention and Preparedness Bureau (DPPB), the poor performance of the deyr rains in most parts of Somali Region has already triggered abnormal livestock migrations, including in parts of all five conflict-affected zones, as well as parts of Afder, Liban and Shinile zones. The DPPB report also noted that migrations represent a coping strategy to minimize the impact of pasture and water shortages and that any restrictions on

pastoralist movement will increase the risk of livestock loss. USG HAT staff received reports from pastoralists, as well as from U.N. and NGO staff, of GFDRE restrictions on livestock movement to prescribed areas in some locations of Fik Zone. (Note: During the first USG HAT staff field visit to Degehabur Zone, USG HAT staff also received reports from local villages of GFRDE restrictions on population and livestock movement. End note.) (REF: ADDIS 0064)

¶17. According to the DPPB, herd sizes in the conflict-affected areas of Somali Region have declined by 20 to 35 percent over the last two years, including in Degehabur and Fik zones. Herd sizes continue to diminish as households utilize coping strategies in response to poor terms of trade and market disruptions. Coping mechanism include the increased slaughter and household consumption of livestock, in addition to the increased barter and sale of animals above normal levels to acquire basic food and other items.

Pastoralist and agropastoralist populations are experiencing poor terms of trade as a result of reduced demand and price of livestock and higher than normal staple food prices. The DPPA Deyr/Karan Needs Assessment identified an increase in staple food prices of between 150 to 300 percent and an increase in imported non-staple food prices of approximately 400 percent in Fik Zone. During the jilal dry season, terms of trade will continue to decline as livestock body conditions worsen. USG HAT staff note the need for additional information and field analysis to substantiate reports of livestock decline.

¶18. The DPPA Deyr/Karan Needs Assessment also reported a 30 to 40 percent decline in livestock milk production in Somali Region in terms of yield and number of female lactating livestock when compared against the reference year. In Kasangas village, Hamero District, Fik Zone, USG HAT staff reported that milk prices were approximately 150 to 200 percent above normal levels due to reduced supply. However, USG HAT staff also received reports from local populations and NGOs operating in Fik District, Fik Zone, characterizing milk production as consistent with, to slightly below, normal levels for a dry year. The Somali Region DPPB reports that both milk production and livestock conditions are expected to further deteriorate with the onset of the jilal season. (Note: Milk production and consumption patterns routinely decline during the jilal dry season. However, routine declines in addition to already significantly reduced production is of concern. End note.)

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MARKET ACCESS AND TRADE RESTRICTIONS  
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¶17. USG HAT staff report that general insecurity, required military escorts, border restrictions, and Ethiopia National Defense Force (ENDF)-enforced limits on urban to rural transport of food item restrictions continue to negatively affect commercial trade and market access in Degehabur and Fik zones. Consistent with findings from the USG HAT initial field visit to Degehabur Zone, USG HAT staff note that local traders in Fik Zone also report that general insecurity and border restrictions have resulted in a significant reduction in commercial livestock trade, beginning in June 2007. As a result, the primary market for livestock in the area is for local slaughter due to the absence of cross-border traders, representing the export market. (REF: ADDIS 0064) In addition, both commercial vendors in Fik town and pastoralists in Fik Zone reported ENDF and local militia-enforced limits on urban to rural transport of food items, including a 50 kilogram (kg) limit for cereals and 2kg limit for sugar for small groups. However, USG HAT note that enforcement is inconsistent and reports indicate that restrictions have eased compared to the June to September time period.

¶18. Delays in required military escorts in Degehabur and Fik zones continue to hinder commercial traffic. Military escorts are not required from Jijiga to Degehabur towns, according to NGOs and ENDF stationed in the area. However, required military escorts for onward travel from Degehabur town and throughout Fik Zone continue to cause significant delays and disruptions to normal commercial patterns, according to local traders and NGOs operating in Fik and Degehabur zones.

¶19. However, USG HAT staff also note consistent reports of slowly improving access in recent weeks and months, but emphasize that

current conditions vary throughout the region. Commercial truckers and local traders interviewed in Fik Zone noted an easing of commercial trade restrictions in late September when limited commercial goods were permitted to be transported with emergency food shipments in the region. In addition, on January 1, the ENDF permitted three commercial trucks to accompany a food assistance convoy from Babile town, Jijiga Zone, to Fik town, resulting in an immediate improvement in the terms of trade for local populations, including a decline in the prices for sugar and rice by between 10 and 20 Ethiopian Birr (ETB). Despite slight improvements in commercial access and transport delays, benefits are predominantly contained to district capitals and have been slow to reach outlying and rural areas. In the more remote Garbo District of Fik Zone, the cost for a 50kg bag of maize is two times higher than in Fik district. Terms of trade for rural populations remains poor due to disruptions in livestock trade and elevated prices for food commodities, particularly rice and sugar.

¶10. USG HAT staff also note reports of informal trading outside of traditional market structures, which represents an important coping mechanisms for local populations confronting market and access restrictions. However, the ability to evaluate and quantify such reports is limited. Potential costs of informal trading include lower prices for livestock and loss of livestock. In addition, increased travel often excludes participation from the poorest households.

#### ----- CONCLUSIONS AND RECOMMENDATIONS -----

¶11. Pastoralist and agropastoralists in Degehabur and Fik zones are confronting significant disruptions in commercial trade and market access which form the foundation of normal livelihood patterns. The poor performance of the 2007 gu and deyr rains in many parts of Somali Region have further exacerbated population vulnerability. In concurrence with DPPA Deyr Karan Needs Assessment findings, USG HAT staff recommend the need for targeted food assistance for the more than 745,000 people identified as survival deficit in the region. To facilitate critical food assistance delivery, as well as commercial trade and access, current delays associated with required military escorts in the conflict-affected areas of Somali Region need to be addressed.

¶12. In addition, USG HAT staff underscore the need for continued advocacy and discussion of appropriate interventions to address the needs of the nearly 843,000 people identified as livelihood deficit in the DPPA assessment to prevent them from slipping into the survival deficit category. These populations are meeting daily food requirements but at the cost of depleting assets and undermining future livelihood security. Potential interventions include targeted food assistance, as well as cash-for-work and food-for-work programs to increase vulnerable population purchasing power and prevent livelihood deficit groups from expending productive assets. Time constraints represented by the onset of jilal season and ongoing trade restrictions currently limit the utility of non-food livelihood interventions, such as livestock market development.

¶13. USG HAT staff emphasize the need for improved access and a resumption of commercial trade, including livestock and staple commodities, to restore normal livelihood patterns of pastoralist and agropastoralist populations in Somali Region. With a reduction in current restrictions, longer term development interventions, including the improvement of veterinary and extension services, formalization of external trade, enhancement of internal trade routes to the highlands, and improved marketing and market information systems should be considered to reduce long-term food insecurity concerns.

¶14. In the coming weeks, the USG HAT will continue to conduct assessment visits in Somali Region to develop an improved understanding of humanitarian conditions and inform appropriate response efforts. In addition, USG HAT staff are scheduled to participate in a joint U.N. ten-day market survey of Somali Region beginning the week of January 20.

